that a Land Mortgage Bank will be attempted to be introduced by way of supplementing the loan, sooner than later. Then, in regard to economic relief, the committee's recommendation will be seriously considered. further, for removing agricultural indebtedness and unemployment, all industrial concerns, would be tapped. This can only accompany what has been done by the Government in connection with the Economic Survey. Industrial concerns can be started only after the result of the Economic Survey is known. It has also been adumberated that a Statistical Bureau would be opened which would give sufficient room for considering what all small industries could be taken up by the Government or with the aid of the Government or by private individuals and companies.

There was again the misunderstanding on the part of the Hon'ble Members as to the extent to which railway accounts are being checked and scrutinised by us. I will only supplement the observation made by the Secretary to the Diwan: by saying that we are receiving estimates for all expenditure that is incurred by way of capital charges by the State. All other expenditure will be met by the company and recouped by the company from the revenues of the railways. While we are concerned only with the questions on capital charges, we receive monthly accounts from the company in regard to the expenditure incurred by them. These monthly accounts are thoroughly scrutinised by us with reference to the estimates. At the end of the year the company also presents to us an annual account audited by the Government Examiner, Railway Accounts, to which an affidavit is attached that the accounts have been thoroughly scrutinised and audited by him. To the question often asked what measures have been adopted by the Government to see how the Railway accounts stand, I say that the above are the arrangements that have been made by the Government to see to the accuracy of the Railway accounts.

President's remarks on Budget discussions.

President.—Hon'ble Members of the Cochin Legislative Council,

With the permission of the House I should like to say a few words before we adjourn. I propose to speak as Diwan and not as the President. The Government Members have already explained in detail many, I may say, all the points which have been raised by the Hon'ble non-official Members of the House during the debate on the budget as a whole. I do not want to supplement what they have said by going into details. I propose to confine my remarks to two main facts which have necessarily engaged our attention in framing next year's budget. I mean first the economic depression and secondly the question of the harbour and the railway.

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Now as to the economic distress the measures which it is possible for the Government to adopt to combat the evils attendant upon that distress may take two forms. Actual measures may be adopted to combat the effects of the depression directly or those effects may be neutralised indirectly by stimulating industries which may improve the purchasing power of the people and so alleviate the distress in that way. The difficulties are inevitably increased in a small State like Cochin. For although the State has a separate political existence, it nevertheless geographically forms part of a much larger whole. The measures which can be taken in the State must necessarily be to some extent determined by the economic condition of the whole. Well then as to the direct action. Hon'ble Members will appreciate that any precipitate or hasty action intended to end or mend this depression may be worse than useless. It may in fact even aggravate the effects of the depression which already exist, for it is obvious that any such measures that may be taken will involve considerable sums of public money and may also involve some modification in the relationship existing between creditors and debtors. As Hon'ble Members know, in order that Government might have some basis on which to take action a very strong committee was appointed of which several members of this House were members and it has recently submitted a very valuable report. That report is now under the active consideration of Government and I hope that it will be possible to take action as a result of it very soon. So much for the direct action.

Then we come to indirect action such as stimulation to industries, to which various Hon'ble Members have referred in their speeches during the last two days. As to that I think the present budget does make an attempt to go some way in that direction. There is the question of electrification of the towns of Ernakulam and Trichur. Some Hon'ble Members seem to regard that as a luxury or a waste of money. But I entirely disagree with that view. (*Hear, hear*). It seems to me that, situated as we are in Cochin it is essential for our industries to have cheap power. Often members asked why we should have this scheme and not undertake immediately the Hydro-Electric Scheme at Poringalkuthu. One Hon'ble Member pointed out that that scheme if developed, would be a profitable undertaking. I entirely agree with that view. But we should have to spend a large sum initially. According to the opinion of the expert who investigated the scheme it would cost something like 68 lakhs of rupees. It is said that this is an exaggerated estimate. My experience of engineering estimates is that they are seldom less than the same which it is

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necessary to spend on the work. However that may be, the scheme will certainly involve considerable initial expenditure. In addition to that we shall have to maintain the transmission lines, the power stations and so on. So probably in the early days the annual cost would be somewhere in the neighbourhood of 4½ lakhs. In that case we could not reasonably expect for the first few years to create such a demand for electricity as would yield anything like that sum. For that reason it seemed better to supply electrical current in the first place in the towns of Ernakulam and Trichur and extend the supply to new places as time goes on thereby developing a demand for electricity in the State. When a considerable demand has been created we can take up our Hydro-Electric scheme, without much loss. If on the other hand we undertake the Poringalkuthu scheme at once we shall have to wait some time before there is a sufficient demand to absorb the power generated and must use a fairly considerable sum each year in consequence. Another step which has been taken by Government, is the recussitation of Potteries which are now working very well indeed. We also have some hope of reviving the Tanneries. One Hon'ble Member referred to this matter and said that if they were worked the tanneries would bring in some return. I hope that it may be possible to do something in that direction. There is then the question of coir which is a very urgent question on this coastal strip. The Secretary referred to it in his speech. We are sending a man to study in various centres in Travancore such as Anjengo, Paravur, Quilon and other places the methods which they follow in spinning and weaving yarn so that we may here improve our yarn and may be able to manufacture coir goods of better quality. As to rubber to which reference was made by the Hon'ble Planting Member, it is true that there has been considerable dissatisfaction throughout South India regarding the quota which has been allotted to India under the restriction scheme and we have already addressed the Government of India with a view to getting that quota improved. So as regards the economic distress Government have constructive proposals, I do not say for ending it because I do not think that in a small area like Cochin it is possible completely to solve a problem which is world-wide but at any rate to mitigate its evil effects so far as possible. More effective steps are also now being taken throughout India as a whole. We may therefore hope that we are on the high road to recovery from the depression which has been raging for the last two or three years.

Then I come to the second important question which confronts us at this time—the question of the harbour and the railway. As regards the railway I have very little to add to

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what has already been said by the members on the Government side. The State had to make up its mind either to remodel the existing metre gauge line or convert it into a broad gauge railway. It would obviously have been unwise at the present juncture to spend large sums on reconditioning the metre gauge line when one was faced with the strong probability of having to construct a broad gauge line in the very near future.

Then as to the Harbour question which is probably the matter uppermost in all our minds at the present time. On that subject I should like to say that there is no desire on the part of the Government to keep Hon'ble Members in the dark as to what is happening in regard to the harbour. Hon'ble Members know that we have successfully reached the conclusion of the third stage. We are now faced with the beginning of the fourth stage. Hon'ble Members also know that the Government of India called a conference in June to consider various problems which arise in connection with the execution of the fourth stage of the scheme. This State was ably represented in that conference by Sir Taj Bahadur Sapru. I can only say to the House regarding that conference that, as Hon'ble Members already know, the conference after a preliminary discussion was adjourned to September or possibly October. All parties are now considering the action to be taken at the adjourned conference when it meets. I am rather afraid that if I make any further statement in the subject here in this Council it will probably prove a hindrance to the smooth working of the conference when it meets again after the adjournment. But if there is any question on which any Hon'ble Member is anxious to know anything I should like to suggest that he should come to see me and discuss it. I shall be glad to give him any information I have on the subject. Meanwhile I would say that the harbour is developing very rapidly; so much is clear from the fact that we are going to have a regular service of passenger steamers direct to Europe calling at the harbour. That is strong evidence of the successful working of the scheme. I do not think I have anything more to add. I thank the Hon'ble Members very much for the courtesy with which they have listened to me.

We will now adjourn.

The House rose for the day at 4-55 p. m.

C. J. MATHEW,

Secretary to the Council.

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